

C O N F I D E N T I A L

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C O N F I D E N T I A L SECTION 01 OF 07 ZAGREB 00527

SIPDIS

BRUSSELS ALSO FOR USEC; VIENNA ALSO FOR USDEL CSBM

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SUBJECT: CROATIA, SLOVENIA AND THE U.S.: THE FUTURE  
IS NOW

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11. CONFIDENTIAL--ENTIRE TEXT

SUMMARY AND INTRODUCTION

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12. ON THE DAY AFTER U.S. RECOGNITION OF THE REPUBLICS OF CROATIA AND SLOVENIA, WE BELIEVE IT WOULD BE HELPFUL TO CATCH OUR BREATH AND TAKE AN ACCOUNTING OF WHERE WE ARE, HOW WE GOT TO THIS POINT AND SOME EARLY IMPRESSIONS ON HOW WE SEE OUR RELATIONS DEVELOPING WITH THESE NEW EUROPEAN

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NATIONS. IN THE CASE OF SLOVENIA, OUR VIEW IS THAT, WITHOUT STRONG, OUTWARD-LOOKING LEADERSHIP, THE TINY REPUBLIC COULD CONCEIVABLY FALL OFF THE RADAR SCREEN (ONCE THE YUGOSLAV CRISIS PASSES WHICH WILL OBVIOUSLY NOT OCCUR ANYTIME SOON). DESTINED TO FALL PREY TO A GERMAN-AUSTRIAN-ITALIAN SUZERAINTY BY VIRTUE OF ITS SIZE AND GEOGRAPHY, SLOVENES ARE ALREADY EXPRESSING PREVIOUSLY INDETECTABLE ANGST OVER DOMINATION BY THEIR POWERFUL NEIGHBORS. REGRETTABLY, WE CONCLUDE THAT THIS ECONOMIC TURN OF EVENTS IS UNAVOIDABLE. WE WOULD ALSO NOT BE SURPRISED IF SLOVENIA TOOK THE LEAD IN TRYING TO REBUILD YUGOSLAV ECONOMIC LINKAGES. WITH SLOVENIA NOT POSING A THREAT TO ITS NEIGHBORS, ITS NASCENT DEMOCRACY NOT AT RISK AND NO HUMAN RIGHTS PROBLEMS, THE U.S. HAS NO STRATEGIC INTERESTS AT STAKE.

13. CROATIA, ON THE OTHER HAND, WILL REMAIN OF KEEN INTEREST TO U.S. POLICY-MAKERS. CROATIAN-SERBIAN RELATIONS COULD WELL BE THE KEY ISSUE IN THE BALKANS FOR YEARS TO COME. ALWAYS SLOW OFF THE MARK VIS-A-VIS THE SLOVENES, THE CROATS WERE LESS PREPARED FOR THIS HISTORIC STEP. ITS DEMOCRACY IS MORE FRAGILE THAN THAT OF ITS NORTHERN NEIGHBOR, WITH MAJOR ISSUES OF PRESS FREEDOMS, A FAIR AND IMPARTIAL LEGAL SYSTEM, AND TROUBLESOME DRIFT OF THE POLITICAL CENTER OF GRAVITY TO THE RIGHT. CROATIAN PRESIDENT TUDJMAN, AS THE MAN WHO DELIVERED ON INTERNATIONAL RECOGNITION, SEEMS A SURE BET FOR A SECOND TERM. HE WILL FACE THE TOUGH TASK OF DISMANTLING, OR LEAST DIMINISHING THE IMPACT, OF A SECURITY AND MILITARY

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APPARATUS THAT THREATENS TO STRANGLE EVEN THE RIGHTS AND PRIVILEGES OF LOYAL CROATS. ACROSS THE SPECTRUM, CROATS SEE THE U.S. AS HAVING THE MAJOR INFLUENCE ON TUDJMAN AND THE GOVERNMENT. WITH A LARGE, ACTIVE AND INFLUENTIAL EMIGRE COMMUNITY IN THE U.S. WHICH IS IN

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REGULAR AND CONTINUOUS CONTACT WITH PEOPLE OF ALL  
WALKS OF LIFE HERE, THE OFFICIAL AND PRIVATE U.S.  
ROLE LOOMS LARGE. END SUMMARY AND INTRODUCTION.

SLOVENIA: FROM LEADING ROLE TO BIT PLAYER

14. WHEN THE HISTORY OF THE BREAKUP OF YUGOSLAVIA IS  
FINALLY WRITTEN, ONE OF THE THE SMALLEST REPUBLICS IN  
THE FORMER FEDERATION WILL BE IDENTIFIED AS HAVING  
PLAYED THE KEY ROLE IN MOVING YUGOSLAVIA WESTWARD  
TOWARD DEMOCRACY, A TREND WHICH WOULD ULTIMATELY SET  
THE STAGE FOR THE COUNTRY'S DEMISE. WITH ITS  
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REPUBLIC-LEVEL ELECTIONS IN 1990, SLOVENIA CONDUCTED  
THE FIRST FREE BALLOTTING IN YUGOSLAVIA, A WATERSHED  
EVENT THAT WOULD ULTIMATELY LEAD TO CALLS IN THE  
OTHER REPUBLICS FOR FREE ELECTIONS. IN A DOGGED AND  
DETERMINED FASHION WHICH FLOWS NATURALLY FROM THE  
SLOVENE NATIONAL CHARACTER, THE NORTHERN REPUBLIC SET  
A COURSE TOWARD DEMOCRACY BUT ALSO AWAY FROM  
YUGOSLAVIA AND SIMPLY REFUSED TO BE TURNED AROUND.

15. TO REACH ITS GOAL, SLOVENIA FORGED AN ALLIANCE OF CONVENIENCE WITH CROATIA TO CHALLENGE A RECALCITRANT, CENTRALIST FEDERAL SYSTEM. WHETHER THE INTENTION FROM THE BEGINNING WAS TO BREAK UP YUGOSLAVIA AS IT THEN EXISTED WILL NEVER BE KNOWN (WE SUSPECT THAT IT ALWAYS WAS). SLOVENE HISTORY WILL RECALL THAT BELGRADE WAS NEVER WILLING TO ENTERTAIN THE IDEA OF RESTRUCTURING YUGOSLAVIA INTO THE MORE DEMOCRATIC, LOOSE CONFEDERATION OF SOVEREIGN STATES PROPOSED BY SLOVENIA AND SUPPORTED BY ITS NOMINAL ALLY, CROATIA. THE HOLLOW TALKS THAT WERE HELD THROUGHOUT THE LATTER HALF OF 1990 AND THE FIRST HALF OF 1991 BETWEEN THE SIX REPUBLICS LED INEXORABLY TO WHERE SLOVENIA WANTED TO BE FROM THE BEGINNING, THE DECLARATION OF AN INDEPENDENT AND SOVEREIGN REPUBLIC IN JUNE, 1991.

16. ODDLY, SINCE ITS INDEPENDENCE DECLARATION AND BRIEF WAR OF "LIBERATION", SLOVENIA'S ROLE IN THE CONTINUING UNRAVELLING OF YUGOSLAVIA HAS DIMINISHED TO THAT COMMENSURATE WITH ITS SIZE. WITH BROAD RECOGNITION IN THE BAG, THE SLOVENES' INTEREST IN THE BRUSSELS PROCESS IS NOW CONFINED TO SUCCESSION STATE

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A FUTURE SHAPED BY GEOGRAPHY

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**17.** ALTHOUGH CURRENTLY STRAPPED IN A POLITICAL STRAITJACKET AND UNABLE TO BREAK FREE, DEMOCRACY IS ALIVE AND WELL IN SLOVENIA. AT SOME POINT, A NEW ELECTION LAW WILL BE PASSED BY THE SLOVENE ASSEMBLY AND A NEW GOVERNMENT COMMITTED TO DEMOCRATIC PRINCIPLES AND A MARKET ECONOMY WILL BE SELECTED TO RUN THE COUNTRY.

**18.** WITH DEMOCRACY ITSELF NOT AT RISK OR ENDANGERED, SLOVENES ARE OBSESSIVELY CONCERNED WITH WHAT KIND OF COUNTRY AN INDEPENDENT SLOVENIA WILL BECOME. DEMONSTRATING AN ANGST NOT PREVIOUSLY NOTICEABLE, SLOVENE OFFICIALS AND ORDINARY CITIZENS HAVE

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EXPRESSED DEEP SUSPICION OF THE GROWING INFLUENCE OF GERMANY, EVEN NOTING THE SUDDEN INFUX OF GERMAN MARKS USED IN THE PURCHASE OF PREVIOUSLY SOCIALLY- OWNED APARTMENTS.

**19.** ULTIMATELY SLOVENIA'S DESTINY WILL BE DETERMINED BY ITS LOCATION. WITH NO HINTERLAND TO SPEAK OF, WE ENVISION A SLOVENIA THAT WILL OF NECESSITY BECOME "REGIONALIZED." THE INDUSTRIALIZED NORTH (MARIBOR) WILL NEED LARGE CAPITAL INVESTMENTS TO MODERNIZE AND TRANSFORM ITS FACTORIES AND PLANTS. VIRTUALLY A SUBURB OF AUSTRIA'S SECOND LARGEST CITY (GRAZ), NORTHERN SLOVENIA, WHICH IS ALREADY SEEKING MORE LOCAL AUTONOMY FROM A FARAWAY (IN THE SLOVENE CONTEXT) LJUBLJANA, WILL ALMOST BY INERTIA FALL INTO THE SPHERE OF INFLUENCE OF SOUTHERN AUSTRIA. TO THE WEST, PARTICULARLY ISTRIA, ITALY IS KING. SLOVENES (AND CROATS, TOO) FROM THAT REGION DO NOT HESITATE IN IDENTIFYING WITH THEIR ITALIAN ROOTS. THIS WEEK, SLOVENIAN (AND CROATIAN) POLITICAL PARTIES MET WITH PARTIES FROM ACROSS THE BORDER TO ANNOUNCE THAT THEY WOULD SEEK TO "REGIONALIZE" THEIR ACTIVITIES AND PURSUE COMMON POLITICAL GOALS.

**10.** IF SLOVENIA IS TO MAINTAIN SOME CONTROL OVER ITS ECONOMIC DESTINY, RESTORING SOME SEMBLANCE OF THE YUGOSLAV MARKET WOULD BE THE MOST EFFECTIVE WAY. FROM THE BEGINNING, IDEOLOGY HAS PLAYED LITTLE OR NO ROLE IN THE DRIVE FOR INDEPENDENCE. ONCE A WAY OUT OF THE CURRENT POLITICAL AND MILITARY MORASS HAS BEEN CHARTED, WE COULD ENVISION THE SLOVENES WORKING

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ENERGETICALLY TO RE-ESTABLISH COMMERCIAL TIES WITH SERBIA AND THE OTHER FORMER YUGOSLAV REPUBLICS. UNLIKE CROATIA, THOSE REPUBLICS' ECONOMIES ARE MUCH MORE COMPLEMENTARY TO, NOT COMPETITIVE WITH, THE SLOVENE ECONOMY.

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U.S.-SLOVENE RELATIONS

¶11. AS PRESIDENT KUCAN TOLD THE CG ON APRIL 8 WHEN HE PRESENTED OUR LETTER OF RECOGNITION, SLOVENIA EXPECTS TO HAVE THE MOST CORDIAL RELATIONS WITH THE U.S. FROM THE START. WE SEE NO REASON TO QUESTION THAT ASSESSMENT. BUT, AGAIN, GIVEN THE NEW INDEPENDENT COUNTRY'S SIZE AND LOCATION, WE SEE NO VITAL OR STRATEGIC U.S. INTERESTS. SLOVENIA HAS NO HUMAN RIGHTS PROBLEMS, POSES NO THREAT TO ITS NEIGHBORS, AND HAS NO LARGE, INFLUENTIAL EMIGRE

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COMMUNITY IN THE U.S. ITS DOMESTIC MARKET IS INHERENTLY SMALL AND MAJOR U.S. INVESTMENT POTENTIAL WILL BE LIMITED.

¶12. WITHOUT AN OUTWARD LOOKING LEADER WITH A EUROPEAN VIEW (E.G., SOMEONE LIKE JANEZ DRNOVSEK, THE FORMER FEDERAL PRESIDENT), SLOVENIA COULD BECOME AN INSULAR, INWARD LOOKING COUNTRY, FEARFUL OF THE KIND OF CHANGE EUROPEAN INTEGRATION THREATENS TO BRING TO THE TWELVE. BECAUSE OF ITS SIZE, SLOVENE LEADERS, WITHOUT EXCEPTION, UNDERSTAND FULLY THE LIMITED INFLUENCE THEY WILL HAVE ON THE IMPORTANT ISSUES OF THE DAY. BUT, LEFT WITHOUT A LEADER WITH VISION, SLOVENIA COULD FIND ITSELF MARGINALIZED. THE ODDEST TWIST OF FATE WOULD BE FOR THE REPUBLIC THAT TOOK THE FIRST STEP DOWN THE ROAD TO DEMOCRACY AND EUROPE COULD WELL END UP ON THE OUTSKIRTS OF EUROPE, A VICTIM OF ITS SIZE AND GEOGRAPHY.

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CROATIA: A FATE OF ETERNAL STRUGGLE WITH SERBIA

¶13. IN CONTRAST, IF SLOVENIA'S FATE IS ULTIMATELY TIED TO ITS GEOGRAPHY, THEN CROATIA'S IS CONNECTED TO

ITS HISTORIC ENTANGLEMENT WITH SERBIA, REINFORCED BY THE VOLATILE ISSUE OF THE STATUS OF CROATIA'S LARGE SERBIAN MINORITY. CROATIAN-SERBIAN RELATIONS WILL BE THE KEY ISSUE IN THE BALKANS FOR YEARS TO COME. AND, AS THE CURRENT TROUBLES IN BOSNIA CLEARLY SHOW, THE STATE OF THOSE RELATIONS HAS CONSEQUENCES BEYOND THE BORDERS OF BOTH REPUBLICS.

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¶14. ALWAYS A HALF STEP BEHIND THE SLOVENES, THE CROATS WERE SLOW OFF THE MARK IN HOLDING THEIR FIRST FREE ELECTIONS, IN CONDUCTING THEIR INDEPENDENCE REFERENDUM AND IN DECLARING THEIR INDEPENDENCE.

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SUBJECT: CROATIA, SLOVENIA AND THE U.S.: THE FUTURE IS NOW

KEENLY AWARE THAT THEIR DOMESTIC POLITICAL AND SECURITY SITUATION WAS MUCH MORE TROUBLESOME THAN THEIR NORTHERN NEIGHBOR, CROATIA'A LEADERS

NEVERTHELESS CHARTED A VOLATILE COURSE THAT COMBINED SHARP ANTI-SERBIAN RHETORIC WITH AN APPARENT FAILURE TO ANTICIPATE AND ADEQUATELY PREPARE FOR THE (IN THE VIEW OF CROATS EMPLOYING HINDSIGHT) INEVITABLE SERBIAN UPRISING. ALTHOUGH GIVEN HIGH MARKS FOR BRINGING CROATIA INTERNATIONAL RECOGNITION, MANY CROATS OFFER THIS UNPREPAREDNESS AS THE ESSENTIAL REASON FOR TUDJMAN'S FALLING POPULARITY.

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THE FRAGILE STATE OF DEMOCRACY  
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¶15. AS WE HAVE BEEN REGULARLY REPORTING, CROATIA'S SECURITY WOES THREATEN TO UNDERMINE THE SHAKY STATE OF THE YOUNG DEMOCRACY OF THE REPUBLIC. FIRST, THE POLITICAL CENTER HAS MOVED DECIDEDLY TO THE RIGHT, WITH EVEN SOCIALIST AND LIBERAL PARTIES TAKING A HARD LINE ON REGAINING "LOST" TERRITORY. SECOND, NEWSPAPERS AND MAGAZINES THAT HAVE ATTEMPTED TO EXHIBIT ANY DEGREE OF OBJECTIVITY HAVE FOUND THEMSELVES FACING DECLINING CIRCULATION. THIRD, THE TELEVISION CHANNELS SPOUT AN UNABASHEDLY PRO-GOVERNMENT LINE THAT, FRANKLY, MAY HAVE MORE TO DO WITH HOW THEY VIEW THEIR AUDIENCE THAN ACTUAL DIRECTIVES FROM THE GOVERNMENT. (NEVERTHELESS, THE LEADERSHIP OF CROATIAN TV REMAINS FIRMLY ENTRENCHED IN THE HANDS OF TUDJMAN CRONIES.) FINALLY, MORE AND MORE WE ARE RECEIVING REPORTS THAT EVEN CROATS ARE RELUCTANT TO SEEK HELP FROM POLICE OFFICIALS WHEN THEY ARE THE VICTIMS OF ORDINARY CRIMES.

¶16. IT'S THIS LATTER POINT THAT TROUBLES CROATS THE MOST. MANY PEOPLE ARE NOT CONVINCED THAT IT WILL BE EASY TO RETURN CROATIA TO A STATE OF LAW, ORDER AND RESPECT FOR BASIC CONSTITUTIONAL RIGHTS. THE TENTACLES OF A PERVERSIVE AND INTRUSIVE SECURITY APPARATUS UNDER THE CONTROL OF THE FORMER COMMUNIST SECURITY OFFICIAL AND TUDJMAN ALLY JOSIP MANOLIC REACHES FAR AND WIDE. IT'S NOT JUST A QUESTION OF GETTING THE GENIE BACK IN THE BOTTLE AS MUCH AS IT IS FINDING A BOTTLE LARGE ENOUGH TO RESTRAIN AND CONTAIN

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THE MONSTER. A SECURITY NETWORK THAT MANY CONSIDERED TO BE INDISPENSABLE IN TIME OF CONFLICT MAY LIVE ON LONG AFTER THE CONFLICT ENDS, THREATENING TO STRANGLE THE VERY DEMOCRACY IT WAS DESIGNED TO PROTECT.

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SUBJECT: CROATIA, SLOVENIA AND THE U.S.: THE FUTURE  
IS NOW

TUDJMAN: FORWARD TO A DEMOCRATIC FUTURE, WITH A  
LITTLE HELP FROM FRIENDS

[¶](#)17. CRITICS OF THE CURRENT GOVERNMENT--HUMAN RIGHTS ACTIVISTS, OPPOSITION POLITICAL FIGURES, SERBIAN LEADERS AND OTHERS--ALL AGREE THAT IN THE SHORT TERM, ABSENT A DRAMATIC TURN OF EVENTS, PRESIDENT FRANJO TUDJMAN WILL COMFORTABLY WIN ANOTHER TERM AS PRESIDENT, WHICH UNDER THE NEW ELECTION LAW WILL BE A FIVE-YEAR TERM. IN SPITE OF THE CROATIAN PRESIDENT'S AUTHORITARIAN STYLE OF GOVERNING, MANY SEE HIS RE-ELECTION AS THE BEST OUTCOME OF AN ELECTION THAT

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COULD MOVE CROATIA DANGEROUSLY TO THE RIGHT. .CALLING TUDJMAN THE BEST ALTERNATIVE OF A BAD LOT WOULD HAVE BEEN UNTHINKABLE ONLY MONTHS AGO, BUT SUCH HAS BEEN THE EFFECT OF THE VIOLENCE AND FIGHTING ON THE CROATIAN NATION.

[¶](#)18. UNLIKE SLOVENIA, THE INFLUENCE OF THE U.S. IS TANGIBLE AND PERVERSIVE. WITH THOUSANDS OF AMCITS OF CROATIAN DESCENT ACTIVELY SUPPORTING CROATIAN INDEPENDENCE AND TRAVELLING BACK AND FORTH, U.S. INTERESTS CUT ACROSS ECONOMIC, SOCIAL, CULTURAL AND FAMILY CONNECTIONS. FROM ACROSS THE SPECTRUM IN CROATIAN SOCIETY, THE WORKING ASSUMPTION IS THAT THE U.S. WILL INEVITABLY PLAY A LEADING ROLE IN THE TRANSFORMATION OF THE REPUBLIC. IN OUR OPINION, THAT IS THE ULTIMATE HOPE OF THOSE WHO DOUBT THE MOTIVES AND INTENTIONS OF THE TUDJMAN GOVERNMENT.

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U.S. - CROATIAN RELATIONS

[¶](#)19. EVEN MORE THAN WITH SLOVENIA, CROATS ARE DEMONSTRABLY MORE RECEPTIVE TO THE BROADEST AND CLOSEST OF DIPLOMATIC RELATIONS. FOR THE U.S., CROATIA IS OF SIGNIFICANCE ASIDE FROM OUR INTEREST IN LIMITING THE DANGER OF CONFLICT ARISING FROM CROATIA'S ENTANGLED RELATIONS WITH SERBIA. WITH A STRONG, ACTIVE EMIGRE COMMUNITY IN THE U.S., CROATIA WILL BE A MAJOR TARGET OF U.S. INVESTMENT AND POLITICAL INTEREST. IT ATTRACTS TENS OF THOUSANDS OF AMCIT TOURISTS TO ITS RESORTS ALONG THE DALMATIAN

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COAST. PEOPLE TO PEOPLE EXCHANGES WILL BE RESTORED AND GROW EXPONENTIALLY OVER THE YEARS. ITS LOCATION AND COASTAL POSITION MEAN CROATIA WILL PLAY SOME ROLE

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ACTION EUR-01

INFO LOG-00	AID-01	AMAD-01	CIAE-00	CTME-00	C-01	DODE-00
CISA-02	EB-01	EXIM-06	E-01	FRB-03	HA-09	H-01
INRE-00	INR-01	IO-19	ITC-01	JUSE-00	LAB-04	L-03
ADS-00	NSAE-00	OIC-02	OMB-01	OPIC-08	PA-01	PM-01
PRS-01	P-02	SCT-03	SNP-01	SP-01	SSO-00	SS-01
STR-20	TRSE-00	T-01	/098W			

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FM AMCONSUL ZAGREB  
TO SECSTATE WASHDC IMMEDIATE 0715  
INFO AMEMBASSY BELGRADE IMMEDIATE  
AMEMBASSY ANKARA  
AMEMBASSY ATHENS  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY BUDAPEST  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY MADRID  
AMCONSUL MILAN  
AMEMBASSY MOSCOW  
AMCONSUL MUNICH

RUFHFR/AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
AMEMBASSY VIENNA

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USMISSION USNATO  
USMISSION USUN NEW YORK  
USIA WASHDC 1383  
USDOC WASHDC  
COMSIXTHFLT//N2//  
CINCUSNAVEUR LONDON//N24//  
USEUCOM VAIHINGEN GE//ECJ3/ECJ5//  
WHITE HOUSE WASHDC 0306

C O N F I D E N T I A L SECTION 07 OF 07 ZAGREB 00527

SIPDIS

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¶20. IN SPITE OF ALL OF CROATIA'S INTENTIONS AND HOPES FOR CLOSE, FRIENDLY TIES, THAT RELATIONSHIP WILL BE AT TIMES STRAINED BY ALMOST INESCAPABLE HUMAN RIGHTS PROBLEMS ARISING FROM THE WAR AND OTHER ISSUES OF DEMOCRATIC DEVELOPMENT. THE EC WILL, OF COURSE, HAVE A ROLE. BUT POLITICAL LEADERS AND ORDINARY CITIZENS WILL LOOK TO THE U.S. TO TAKE THE LEAD. MORE SO THAN THE SLOVENES, THE CROATS SEE THE U.S. GOVERNMENTAL STRUCTURE AS THE MODEL THEY WOULD PREFER TO EMULATE, WITH CERTAIN CROATIAN-INSPIRED MODIFICATIONS. STRUCTURAL CHANGES ASIDE, THE REAL TEST OF GOVERNING ULTIMATELY RESTS ON ACTIONS TAKEN. CROATIA HAS A HARDER ROAD TO TRAVEL THAN SLOVENIA IN

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TERMS OF DEVELOPING A DEMOCRATIC, FREE MARKET SYSTEM. ITS SUCCESS WILL BE OF GREATER INTEREST, NOT ONLY TO EUROPE BUT ALSO TO THE U.S. WE COULD HAVE MAJOR INFLUENCE IN HELPING THEM DO IT RIGHT. EINIK

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